

111TH CONGRESS  
1ST SESSION

# H. R. 2963

To amend the Internal Revenue Code of 1986 to provide incentives for improving small manufacturers' computer technology.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 19, 2009

Mrs. DAHLKEMPER (for herself, Mr. TIM MURPHY of Pennsylvania, Mr. CARNEY, Mr. WELCH, Mr. TONKO, Mr. BRALEY of Iowa, Mr. HONDA, Mr. BRIGHT, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. KISSELL, Mr. CHILDERS, Ms. FUDGE, Mr. KAGEN, Mr. FATTAH, Mr. BOSWELL, Ms. KAPTUR, Mr. MASSA, Mr. ALTMIRE, Mr. SIRES, Mr. CONNOLLY of Virginia, Ms. WASSERMAN SCHULTZ, Mr. MORAN of Virginia, and Mr. DINGELL) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide incentives for improving small manufacturers' computer technology.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SMALL MANUFACTURERS' COMPUTER HARD-**  
4 **WARE AND SOFTWARE TAX CREDIT IN LIEU**  
5 **OF EXPENSING.**

6 (a) IN GENERAL.—Subpart D of part IV of sub-  
7 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new  
2 section:

3 **“SEC. 45R. SMALL MANUFACTURERS COMPUTER HARD-**  
4 **WARE AND SOFTWARE TAX CREDIT.**

5 “(a) IN GENERAL.—For purposes of section 38, the  
6 small manufacturers’ computer hardware and software  
7 credit determined under this section for the taxable year  
8 is the lesser of—

9 “(1) 50 percent of the amount paid or incurred  
10 by the taxpayer during the taxable year for qualified  
11 computer hardware and software property; or

12 “(2) \$35,000.00.

13 “(b) QUALIFIED COMPUTER HARDWARE AND SOFT-  
14 WARE PROPERTY.—For purposes of this section, the term  
15 ‘qualified computer hardware and software property’  
16 means any computer hardware and software property for  
17 use in any small manufacturer located in the United  
18 States—

19 “(1) the original use of which commences with  
20 the taxpayer;

21 “(2) which is property of a character subject to  
22 the allowance for depreciation; and

23 “(3) which is placed in service by the taxpayer  
24 after the date of the enactment of this section.

1       “(c) COMPUTER HARDWARE.—For purposes of this  
2 section, the term ‘computer hardware’ includes disk  
3 drives, integrated circuits, display screens, cables,  
4 modems, speakers, and printers.

5       “(d) COMPUTER SOFTWARE.—For purposes of this  
6 section, the term ‘computer software’ means programs,  
7 programming languages, data that direct the operations  
8 of a computer system or network, enterprise resource  
9 planning software, manufacturing resource planning soft-  
10 ware, materials requirements planning software and soft-  
11 ware designed to enhance Internet capabilities.

12       “(e) SMALL MANUFACTURER.—For purposes of this  
13 section:

14               “(1) IN GENERAL.—The term ‘small manufac-  
15 turer’ means—

16                       “(A) any unincorporated business, any  
17 partnership, or for-profit corporation;

18                       “(B) with respect to a taxable year, any  
19 which employed an average of 50 or fewer em-  
20 ployees on business days during the preceding  
21 calendar year. For purposes of the preceding  
22 sentence, a preceding calendar year may be  
23 taken into account only if the small business  
24 was in existence throughout such year.

1           “(2) SMALL MANUFACTURERS NOT IN EXIST-  
 2           ENCE IN PRECEDING TAXABLE YEAR.—In the case  
 3           of a small manufacturer which was not in existence  
 4           throughout the preceding calendar year, the deter-  
 5           mination under paragraph (1) shall be based on the  
 6           average number of employees that it is reasonably  
 7           expected such employer or sole proprietor will em-  
 8           ploy on business days in the current calendar year.

9           “(f) CALCULATION OF NUMBER OF EMPLOYEES.—  
 10          For purposes of subsection (e), the number of employees  
 11          of a subsidiary of a wholly owned corporation includes the  
 12          employees of—

13                 “(1) a parent corporation; and

14                 “(2) any other subsidiary corporation of that  
 15          parent corporation.

16          “(g) BASIS ADJUSTMENT.—For purposes of this sub-  
 17          title, if a credit is determined under this section in connec-  
 18          tion with any expenditure for any property, the increase  
 19          in the basis of such property which would (but for this  
 20          subsection) result from such expenditure shall be reduced  
 21          by the amount of the credit so determined.

22          “(h) TERMINATION.—This section shall not apply  
 23          with respect to any property placed in service after Decem-  
 24          ber 31, 2011.”.

1 (b) CREDIT TO BE PART OF GENERAL BUSINESS

2 CREDIT.—Section 38(b) of such Code is amended by strik-  
3 ing “plus” at the end of paragraph (34), by striking the  
4 period at the end of paragraph (35) and inserting “, plus”,  
5 and by adding at the end the following new paragraph:

6 “(36) the small manufacturers’ computer hard-  
7 ware and software credit determined under section  
8 45R(a).”.

9 (c) DENIAL OF DOUBLE BENEFIT.—Section 280C of  
10 such Code is amended by adding at the end the following  
11 new subsection:

12 “(f) SMALL MANUFACTURERS COMPUTER HARD-  
13 WARE AND SOFTWARE CREDIT.—No deduction shall be al-  
14 lowed for that portion of the expenses otherwise allowable  
15 as a deduction for the taxable year which is equal to the  
16 amount of the credit determined for the taxable year  
17 under section 45R.”.

18 (d) ALLOWANCE OF CREDIT AGAINST ALTERNATIVE  
19 MINIMUM TAX.—Subparagraph (B) of section 38(c)(4) of  
20 such Code is amended by striking “and” at the end of  
21 clause (vii), by striking the period at the end of clause  
22 (viii) and insert “, and”, and by inserting after clause  
23 (viii) the following new clause:

24 “(ix) the credit determined under sec-  
25 tion 45R.”.

1       (e) TRANSFERABILITY OF CREDIT.—Nothing in any  
2 law or rule shall be construed to limit the transferability,  
3 through sale and repurchase agreements, of the credit al-  
4 lowed by reason of section 45R.

5       (f) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to taxable years ending after De-  
7 cember 31, 2008.

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